

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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USIA-15 COME-00 EB-11 LAB-06 SIL-01 AID-20 DRC-01

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TAGS: EGEN, PE

SUBJ: SOCIAL PROPERTY LAW - ONE DAY OLD

REFS: LIMA 3469

1. PRESIDENT VELASCO ANSWERED SEVERAL QUESTIONS CONCERNING SOCIAL PROPERTY DURING HIS PRESS CONFERENCE MAY 2, IN ADDITION TO OTHER SUBJECTS BEING REPORTED SEPTEL. VELASCO STRESSED THAT LAW DOES NOT CLOSE ANY DOORS TO SPECIFIC ECONOMIC SPHERES BUT CAN REACH INTO ALL ECONOMIC FIELDS. IN RESPONSE TO RATHER SHARP QUESTION CONCERNING AN OCTOBER 3 SPEECH LAST YEAR IN WHICH PRESIDENT DENIED THAT SOCIAL PROPERTY ENTERPRISES (SPE) WERE A FORM OF MASKED "STATISM," VELASCO REPLIED THAT SINCE SPES HAVE NEVER BEEN TRIED ELSEWHERE, IT IS NECESSARY FOR THE STATE TO AID THEM UNTIL THEY CAN "WALK ALONE." IN SOME CONTEXT, HE ALSO EMPHASIZED TOP GOVERNMENT-LEVEL SUPERVISORY BODIES FOR SPE SECTOR ARE NECESSARY TO "ORIENTE" SECTOR SO THAT IT FUNCTIONS DYNAMICALLY AND EFFICIENTLY. HE ALSO SIGNALLED THAT SOCIAL PROPERTY CONCEPT IS THE MOST

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IMPORTANT OF THE FOUR ECONOMIC SECTORS (THE OTHERS

BEING STATE, REFORMED PRIVATE, AND SMALL COMMERCIAL ENTERPRISES). IN RESPONSE TO FINAL QUESTION ON SPES, PRESIDENT SAID THAT PERU DOES NOT HAVE UNLIMITED FUNDS TO FINANCE SECTOR, BUT THAT COFIDE WHICH HAS FULL RESPONSIBILITY FOR GLOBAL FINANCING HAS SUFFICIENT RESOURCES FOR THE FIRST FEW YEARS.

2 MODERATE "EL COMMERIO" MAY 3 SUPPORTS CREATION OF SECTOR IN LEAD EDITORIAL NOTING THAT NEW LAW IS AN IMPROVEMENT ON DRAFT, PARTICULARLY SINCE IT NO LONGER REQUIRES CENTRAL BANK TO DISCOUNT ON PREFERENTIAL TERMS COMMERCIAL BANK LOANS TO SPES, BUT RATHER CENTRAL BANK WILL MAKE CREDITS AVAILABLE TO COFIDE AND/OR NATIONAL FUND FOR SOCIAL PROPERTY UNDER SAME CONDITIONS AS THOSE FOR STATE DEVELOPMENT BANKS. IT ALSO PRAISES SEVERE DISCIPLINARY CODE FOR WORK INFRACTIONS AND IDEA OF AUTHORIZING HOUSING FOR WORKERS OUT OF SPE FUNDS.

3. THE GOP-LINE "LA NUEVA CRONICA"'S EDITORIALIST, LUIS GONZALA POSADA (THE PRESIDENT'S BROTHER-IN-LAW) NOT UNEXPECTEDLY LAUDS SPE CONCEPT AS "COMPLETELY NEW IDEA WHICH REFLECTS THE IDEOLOGICAL POSITION OF THE (PERUVIAN REVOLUTIONARY) PROCESS," AND RAPS BOTH THE LIBERAL RIGHT AND EXTREME LEFT FOR THEIR OPPOSITION TO IT.

4. COMMENT: PRESIDENT'S PRESS COMMENTS AND RELATIVELY LIGHT PRESS TREATMENT REFLECT RATHER DISINTERESTED INITIAL PUBLIC ATTITUDE. THIS IS PROBABLY RESULT OF LONG GESTATION PERIOD FOR LAW, COMPLEXITY OF LEGISLATION, AND DOUBTS ABOUT ITS EFFECTIVENESS BOTH WITHIN MODERATE GOP CIRCLES AS WELL AS IN PRIVATE SECTOR.

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